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WRITER'S DIRECT DIAL NO.

698-

M E M O R A N D U M

TO: All Defendants

DATE: July 31, 1996

RE: Velsicol Chemical Corporation, et al.
v. A.E. Staley Mfg. Co., et al.

We are counsel for Velsicol Chemical Corporation, NWI Land Management Co., and Fruit of the Loom, Inc. (collectively "Velsicol"), plaintiffs in the above-referenced action. Enclosed for each of you are copies of the following:

1. The Complaint filed Monday, July 29, 1996 in the U.S. District Court for the District of New Jersey (Newark);
2. A Notice of Lawsuit and Request for Waiver of Service of Summons, together with a Waiver of Service of Summons form; and
3. A Notice of Intent to Sue under RCRA §7002, 42 USC 6972(a)(1)(B).

Rule 4 of the Federal Rules of Civil Procedure requires parties to cooperate with one another in saving unnecessary costs of service. A summary of the Rule appears at the bottom of the enclosed Waiver of Service of Summons. In line with the requirements of the Rule, we ask that you sign and return the Waiver form within 30 days to our co-counsel, Lorraine Teleky-Petrella, Esq., Court Plaza North, 25 Main Street, Hackensack, N.J. 07601-7035.

The purpose of this action is to achieve an allocation of costs for the investigation and remediation, if any, of the Ventron/Velsicol Superfund Site ("the Site") in Wood Ridge, New Jersey and, if necessary, to achieve an allocation of costs for the investigation and remediation of the Berry's Creek Area at and around the Site. The RI/FS for the Site is expected to begin very soon. It is not known at this time when, if ever, work will be required in the Creek area.

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One of our primary objectives in this case is to avoid unnecessary litigation costs for all parties. To that end, we intend to propose the following approach to this litigation:

- We will work with you to agree on a third-party neutral allocation and mediation process designed to achieve an equitable allocation within a reasonable time frame, at a reasonable cost, with a minimum of discovery and litigation costs for all parties.
- We will work with you to find an appropriate mechanism for severing the claims against those defendants who are identified only as "Creek" defendants and have no other nexus to the Site. Claims against the "Creek" defendants do not need to be addressed at this time; they were included in the Complaint only because of New Jersey's "entire controversy" doctrine. Thus, we will work with the "Creek" defendants to find a way to defer or sever the claims against them, provided that such deferral or severance does not prejudice Velsicol.
- We will do our best to identify and reach agreement with de minimis PRP's as early in the process as possible, so as to avoid unnecessary transaction costs for them. Because work at the Site is still in the early stages of the CERCLA process, considerable flexibility will be required to fashion de minimis settlements, but we believe it will be possible to do so.
- Nexus information and representative nexus documents will be available to all defendants early in the case.

A meeting will be scheduled with all parties as soon as feasible to discuss these suggestions and other case management issues. If you have any questions or comments, please feel free to call me (202-898-5800) or Lorraine Teleky-Petrella (201-343-6060). Thank you.

Sincerely yours,



Donald W. Fowler

DWF:jes

Enclosures

cc: Lorraine Teleky-Petrella, Esq.